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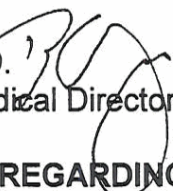
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August 2, 2006

**TO:** Each Supervisor

**FROM:** Bruce A. Chernof, M.D.   
Director and Chief Medical Director

**SUBJECT: REQUEST TO HRSA REGARDING FQHC LOOK-  
ALIKE STATUS OF LOS ANGELES COUNTY  
COMPREHENSIVE HEALTH CENTERS**

This is to inform you that the Department of Health Services is forwarding the attached request to HRSA regarding the FQHC Look-Alike Status of Los Angeles County ("County") Comprehensive Health Centers. The Department is requesting that HRSA maintain the approved status of the County Comprehensive Health Centers until other Medicaid payment issues are resolved.

The main issue for resolution and finalization is federal approval of a Medicaid State Plan Amendment implementing Cost Based Reimbursement (CBRC) payments to hospital outpatient departments and clinics in the County for July 2005 and future years. The federal approval of this CBRC State Plan Amendment would allow the County to obtain favorable Medicaid payments without having to change its governance structure as is required for the FQHC Look-Alike Model.

As explained in detail in the attached letter to HRSA, the County has not finalized governance structure changes nor submitted any claims for Medicare or Medicaid payments as an FQHC. Our request to HRSA is to hold the County's FQHC Look-Alike status in abeyance as approved, pending the outcome of the federal approval or decision regarding the CBRC State Plan Amendment. If approved, the County views the CBRC payment alternative as its best option.

The Department will keep you apprised of key developments regarding this issue. If you have questions or wish additional information, please contact me, or Gary Wells, Chief Financial Officer, at 213 240-7882, at your convenience.

BAC:gww (HRSA BOARD MEMO)

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors